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Citrus Annual

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Report Highlights:

Argentine fresh citrus production in 2010/11 is expected to increase, with the exception of grapefruit. Production is estimated to increase to 1.25 million MT (for lemons), 900,000 MT (for oranges), and 400,000 MT (for tangerines), as a result of favorable weather conditions. Fresh grapefruit production is projected to decrease to 130,000 MT due to a decrease in area planted to grapefruit. Domestic consumption in 2010/11 is forecast to increase for lemons, oranges, and tangerines, as a result of larger fruit supply, and it is expected to decrease for grapefruit due to smaller production. Overall, no significant changes are expected in fresh lemon, orange, and tangerine exports as increased fruit production is expected from Argentina's main competitors. Fresh grapefruit exports are projected to decrease due to smaller production and a decreasing demand of international markets.

Executive Summary:

Post forecasts an increase in fresh lemon, orange, and tangerine production for 2010/11 of 250,000 MT for lemons, 150,000 MT for oranges, and 110,000 MT for tangerines due to favorable weather conditions in the main growing regions during 2009/10. Fresh grapefruit production is projected to decrease by 20,000 MT as area planted to grapefruit is decreasing.

Domestic consumption in 2010/11 is forecast to increase for lemons, oranges, and tangerines, as a result of larger fruit supply, and it is estimated to decrease for grapefruit due to smaller production. Overall, no significant changes are expected in fresh lemon, orange, and tangerine exports for 2010/11 as increased fruit supply is expected from competing countries in the Northern Hemisphere. Fresh grapefruit exports are forecast to decrease due to smaller production and a decreasing demand of international markets.

Commodities:

Lemons, Fresh

Oranges, Fresh

Tangerines/Mandarins, Fresh

Grapefruit, Fresh

Production:

Fresh citrus production for 2010/11 is estimated to increase to 1.25 million MT (for lemons), 900,000 MT (for oranges), and 400,000 MT (for tangerines) as a result of favorable weather conditions in the main growing regions during the previous year. Grapefruit production is expected to decrease to 130,000 MT as area planted to grapefruit is being primarily devoted for sugarcane (mainly fostered by the increase of ethanol production) and soybean in the NOA (North West Argentina) region since the grapefruit business is becoming increasingly unprofitable.

Lemon estimated production in 2009/10 is unchanged at 1 million MT, down 350,000 MT from the previous year, as a result of a severe drought and late frosts in September/October 2009. Orange production is expected to remain stable at 750,000 MT, and tangerine production is projected to decrease to 290,000 MT. Production of both fruit decreased, compared to 2008/09, due to heavy rains which caused severe floods in the NEA (North East Argentina) region. Grapefruit production is estimated to decrease to 150,000 MT, down 50,000 MT from previous USDA official estimates, due to a steep reduction of area planted to grapefruit.

According to latest estimate revisions by the private sector, lemon production in 2008/09 decreased to 1.35 million MT due to unfavorable weather conditions in the main growing regions, compared to USDA official estimates. Orange, tangerine, and grapefruit production remained stable at 900,000 MT, 400,000 MT, and 237,000 MT, respectively.

Main lemon varieties grown in Argentina are as follows: Genova, and Eureka; main orange varieties: Naventina, Salustiana, Washington Navel, Navel Late, Valencia Seedless, and Valencia Late; main tangerine varieties:

Clementina, Clemenvilla, Ellendale, Malvasio, Montenegrina, Murcott, Ortanique, Satsuma, Okutsu (Source: Federcitrus).

The main concern affecting the citrus sector in Argentina is the increase of production costs (estimated by private sources at 20-25 percent for 2009/2010) as a result of a high inflation rate which, with the stable value of the dollar, represents a significant loss of competitiveness for local exporters.

Processing

Fresh lemon, orange, and tangerine for processing in 2010/11 are projected to rebound to 943,000 MT (for lemons), 206,000 MT (for oranges), and 90,000 MT (for tangerines), primarily as a result of larger production.

Grapefruit for processing is expected to decrease to 62,000 MT due to smaller production.

In 2009/10, fresh lemon and orange for processing is forecast to decrease slightly, compared to previous USDA official estimates, due to larger exports. Fresh tangerine for processing is estimated to decrease as a result of smaller production and larger exports, and grapefruit for processing is expected to decrease due to smaller production.

Fresh lemons devoted for processing in 2008/09 decreased to 1.05 million MT, compared to previous USDA official estimates, following post's revision to previous estimates. Moreover, the impact of the financial crisis on export markets decreased exports compared to the previous year. Orange, tangerine, and grapefruit for processing remained stable.

About 70 percent of the total lemon production in Argentina is processed by 7 plants, of which 6 are located in the Province of Tucuman and one in the Province of Jujuy. In addition, there are 35 high-tech packing plants which are approved for export by the Argentine sanitary authorities.

Consumption:

Fresh lemon domestic consumption does not typically vary over time, unlike oranges and tangerines – the “sweet” categories – which are often replaced by other types of fruit depending on the price. However, consumption is expected to increase slightly in 2010/11 due to larger fruit supply. Consumption in 2009/10 is estimated to remain stable, compared to previous USDA estimates, and decrease in comparison with the previous year.

In 2010/11, orange and tangerine consumption is projected to increase to 570,000 MT and 190,000 MT, respectively, due to larger production, and it is expected to remain stable in 2009/10, compared to previous USDA official estimates. Consumption for both citrus fruit is estimated to decrease, compared to the previous year, as a result of reduced supply. Grapefruit consumption is estimated to decrease in 2010/11 and 2009/10, compared to USDA estimates, due to smaller production, and to remain stable in 2008/09.

Estimated annual per capita citrus consumption is as follows: lemon, 0.95 kg; orange, 13.25 kg; tangerine, 4.50; and grapefruit, 2.50 kg.

Trade:

Overall, no significant changes are expected in fresh lemon, orange, and tangerine exports for 2010/11, compared to the previous year, and despite larger production, as increased fruit supply is expected from competing countries in the Northern Hemisphere, such as Spain and Turkey. In addition, in the case of lemons, in the past couple of years, relatively high volumes of fruit were devoted for processing as a result of the decision taken by the industry to export only fresh lemons meeting the highest quality standards, thus restricting the export supply and preventing a steep decrease of international prices. This market strategy is expected to continue. Grapefruit exports are forecast to decrease due to smaller production and a gradual reduction of international demand.

Fresh lemon exports are expected to increase slightly in 2009/10 to 264,000 MT, compared to previous USDA official estimates, and will also exceed exports from the previous year as international markets recover from the global financial crisis. Fresh orange and tangerine exports are projected to increase to 120,000 MT and 117,000 MT, respectively, also due to the recovery of export markets, and grapefruit exports are expected to go down as a result of a decreasing demand of international markets.

Fresh lemon exports in 2008/09 remained stable at 250,000 MT, compared to the latest USDA official estimates. Exports decreased compared to the previous year as a consequence of fruit oversupply in Spain and Turkey, as well as smaller export demand due to the crisis, and financial difficulties and local currency devaluations in some of the main export markets, such as Russia.

In 2008/09, fresh orange, tangerine, and grapefruit exports remained stable at 140,000 MT, 113,000 MT, and 17,000 MT, respectively, compared to previous USDA official estimates, and they increased for oranges and tangerines, compared to the previous year, due to larger production than expected (for oranges) and larger production and smaller supply in South Africa than initially expected (for tangerines). Fresh grapefruit exports decreased as a result of reduced international demand.

The main export destinations in 2009 and January-September 2010 were as follows:

Fresh Citrus Fruit	Destination	Market Share %	
		2009	Jan-Sep 2010
Lemons	EU	68	75
	Russia	19.5	16
Oranges	EU	62	70
	Russia	13	12
Tangerines	EU	43	36
	Russia	34	37
Grapefruit	EU	86	83
	Russia	3	10
	Ukraine	4.5	1.5

Source: FAS Buenos Aires, based on data from the Global Trade Atlas (GTIS)

For 2010/11, no major foreign market diversification is expected for citrus fruit. Argentine phytosanitary authorities continue negotiations with China to reopen the market for Argentine fresh lemons. Trade was interrupted in 2005 when China established cold treatment for all citrus fruit, which damaged the fruit quality. The industry has been focusing on other export destinations pending negotiations with officials in China. Currently, the market is open to fresh “sweet” citrus varieties. Moreover, there are on-going negotiations with the U.S. to reopen the market for Argentine fresh citrus fruit. Argentine government officials are also requesting from Russian authorities a reduction of the import tariff affecting apples, pears, and citrus fruit. During September-October 2010, citrus fruit exports (primarily lemons) to the EU were virtually discontinued due to a delay in shipments which arrived at their destination, primarily Spain, with a one-month delay. According to private sources, the sector lost approximately \$4-5 million since, upon the fruit arrival in the EU, there were already supplies from Argentina’s main competitors from the Northern Hemisphere, Spain and Turkey, which made prices go down significantly.

Local producers have adjusted well to lower MRLs (maximum residue levels) that were introduced in Russia on October 31, 2008. In 2009, Russia was the second largest market for Argentine fresh lemons, oranges, and tangerines. Implementation of the initial change in requirements for Argentine citrus, apples, pears, and table grapes, was delayed for 60 days after negotiations between phytosanitary authorities in both countries. The

regulations are currently in effect, but have not had a major impact on exports. The new MRL levels are lower than those required by the EU, Japan, Canada, and the U.S., among other countries. In 2009, Russia accounted for an average of 17 percent (28 percent in 2008) of total Argentine fresh citrus fruit exports: 34 percent of tangerines, 19.5 percent of lemons, 13 percent of oranges, and 2.8 percent of grapefruit. MRLs continue to be an increasingly important issue at multilateral meetings among representatives from fruit export and import markets.

Imports

Citrus imports are expected to remain negligible in 2010/11, and this trend is forecast to continue in counter season, as Argentina is a net citrus fruit exporting country. In January-September 2010, total citrus imports totaled 3,589 MT, and were valued at \$2.6 million. Imports came mainly from Chile (lemons), Mexico (oranges), and Israel (grapefruit).

Policy:

Import and Export Regulations

On December 22, 2008, President Cristina Fernandez de Kirchner announced a package of stimulus measures for the Argentine agricultural sector. The measures affecting fruit and vegetables were published in the Official Bulletin, Decrees Nos. 38/2008 and 40/2008, on December 31, 2008. They established that the export tax for pears, apples, peaches, citrus fruit, grapes, blueberries, strawberries, onions, frozen potatoes, beans and pulses were reduced by 50 percent (i.e. fresh deciduous fruit and stone fruit currently pay a 5 percent export tax, while citrus fruit and vegetables pay 2.5 percent).

The changes did not have a significant impact on overall fruit production. Export taxes for these products were already relatively low (5 percent to 10 percent). Part of Argentina's 2.5 percent export tax on citrus is rebated depending on the size of the container.

Export and Import Regulations	
All Citrus Fruit (HTS codes: 080510, 080520, 080540, 080550)	
For countries outside MERCOSUR AREA	
Import Tariff	10.00
Statistical Tax	0.50
Export Tax	2.50
Export Rebate for cases containing less than 16 kg.	5.00
Export Rebate for cases containing 16–20 kg.	4.05
Export Rebate for cases containing more than 20 kg.	2.70
For countries within MERCOSUR AREA	
Import Tariff	0.00
Statistical Tax	0.50
Export Tax	2.50
Export Rebate for cases containing less than 16 kg.	5.00
Export Rebate for cases containing 16–20 kg.	4.05
Export Rebate for cases containing more than 20 kg.	2.70

Source: FAS Buenos Aires based on data from Tarifar

Phytosanitary Issues

Argentina is currently free of *Huanglongbing* (HLB), according to Argentine officials, to protect the Argentine citrus production, the Ministry of Agriculture, Livestock, and Fisheries (MAGP, in Spanish) has implemented a National Program for HLB Prevention, composed by the following organizations and agencies: National Institute of Agricultural Technology (INTA, in Spanish), National Service of Agriculture and Food Health and Quality (SENASA, in Spanish), National Seed Institute (INASE, in Spanish), provincial governments, Experiment Station “Obispo Colombres”, and entities from the private sector related to the citrus activity.

Under the framework of the above program, among other measures, over 73 percent of the area planted to citrus, which has been declared with risk potential for HLB, has been monitored; over 280 nurseries were inspected, and around 2,000 samples were analyzed; and 10 border passes, whose location and traffic might represent a higher risk for HLB entry into the country, were reinforced without having found any presence of the bacteria, either in plant material or insects (Source: National Department of Transformation and Marketing of Agricultural and Forest Products, MAGP, in Spanish).

Marketing:

Prices

International (FOB) Prices for Fresh Citrus Fruit

Overall, fresh citrus average FOB prices during 2009/10 were higher than the previous year, especially for lemons, and with the exception of oranges. However, by the end of the marketing year, prices fell due to the delay in the arrival of fruit shipments to the main EU markets. The highest FOB price for lemons during the period January-September 2010 reached \$978/MT (March); for oranges, \$498/MT (June); for tangerines, \$1,000/MT (January); and for grapefruit, \$700/MT (March). FOB prices are estimated to decrease in 2010/11 as increased fruit supply is expected from Argentina’s primary competitors.

Lemon	FOB Prices (\$/MT)			
	2007	2008	2009	2010
January	0	583	713	0
February	482	1,022	604	0
March	477	870	778	978
April	473	1,016	589	620
May	469	1,074	556	671
June	464	1,076	602	742
July	469	976	633	724
August	466	758	657	783
September	483	710	642	698
October	367	694	566	n/a
November	318	844	0	n/a
December	519	683	0	n/a
Average	453	859	634	n/a

Source: FAS Buenos Aires based on GTIS trade data

Orange	FOB Prices (\$/MT)			
	2007	2008	2009	2010
January	54	35	43	28

February	77	36	46	30
March	37	36	54	19
April	67	251	194	155
May	372	534	440	483
June	429	552	494	498
July	435	549	478	471
August	436	520	485	457
September	394	472	455	452
October	397	409	384	n/a
November	236	66	205	n/a
December	36	43	32	n/a
Average	247	292	276	n/a

Source: FAS Buenos Aires based on GTIS trade data

Tangerine	FOB Prices (\$/MT)			
	2007	2008	2009	2010
January	909	196	333	1,000
February	741	741	1013	821
March	592	728	785	774
April	589	756	733	763
May	612	786	749	766
June	622	779	760	768
July	607	769	749	771
August	628	773	742	746
September	610	722	721	742
October	477	467	655	n/a
November	86	889	80	n/a
December	74	0	52	n/a
Average	497	546	691	n/a

Source: FAS Buenos Aires based on GTIS trade data

Grapefruit	FOB Prices (\$/MT)			
	2007	2008	2009	2010
January	705	68	0	0
February	1,187	72	1,200	0
March	489	167	598	700
April	468	651	546	546
May	439	587	571	521
June	430	594	533	
July	451	590	584	478
August	460	587	572	582
September	472	412	513	667
October	77	161	48	n/a
November	73	684	76	n/a
December	70	0	48	n/a
Average	443	416	481	n/a

Source: FAS Buenos Aires based on GTIS trade data

Wholesale Prices for Fresh Citrus Fruit

Lemon	Domestic Wholesale Prices (\$/MT)				
	2006	2007	2008	2009	2010
January	180	380	390	366	1,020
February	190	330	340	352	1,150
March	220	260	630	350	950
April	250	280	540	328	680
May	200	230	298	258	490
June	170	200	332	222	470
July	150	170	387	221	460
August	150	160	363	261	490
September	150	190	308	357	560
October	240	340	460	470	n/a
November	290	430	447	742	n/a
December	N/A	800	401	737	n/a
Average	200	310	408	389	n/a

Source: Buenos Aires Central Market

Orange	Domestic Wholesale Prices (\$/MT)				
	2006	2007	2008	2009	2010
January	120	230	210	217	280
February	160	350	310	229	280
March	270	220	300	276	340
April	300	270	350	310	340
May	280	310	322	298	350
June	220	260	283	301	320
July	210	220	300	295	310
August	190	190	331	299	300
September	240	180	299	339	280
October	310	190	372	350	n/a
November	310	170	361	373	n/a
December	NA	190	259	382	n/a
Average	240	200	308	306	n/a

Source: Buenos Aires Central Market

Tangerine	Domestic Wholesale Prices (\$/MT)				
	2005	2006	2007	2008	2009
January	250	180	n/a	n/a	360
February	n/a	n/a	n/a	n/a	350
March	200	n/a	190	n/a	350
April	240	200	250	296	330
May	230	190	288	305	330
June	220	170	299	320	340

July	200	130	341	332	330
August	190	140	340	330	310
September	210	190	293	345	290
October	250	190	366	400	n/a
November	280	170	439	389	n/a
December	n/a	160	n/a	442	n/a
Average	210	140	312	351	n/a

Source: Buenos Aires Central Market

Grapefruit	Domestic Wholesale Prices (\$/MT)				
	2006	2007	2008	2009	2010
January	370	400	300	365	510
February	380	410	340	NA	550
March	340	310	410	NA	520
April	280	NA	390	403	490
May	340	NA	313	313	440
June	210	NA	296	301	400
July	200	200	332	306	390
August	300	190	311	288	370
September	270	210	281	336	350
October	310	180	299	340	n/a
November	330	170	372	371	n/a
December	NA	230	452	377	n/a
Average	300	190	341	340	n/a

Source: Buenos Aires Central Market

Domestic Retail Prices for Fresh Citrus Fruit

Citrus Fruit	\$/kg
Lemon	2.11
Orange (Navel)	1.25
Tangerine (Nova)	1.14
Grapefruit	1.36
US\$1 = AR\$3.98 (November 19, 2010)	

Source: FAS Buenos Aires based on prices of supermarkets and other retail stores.

Production, Supply and Demand Data Statistics:

Lemons/Limes, Fresh Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	43,000	43,000	43,000	43,000		43,000
Area Harvested	42,000	42,000	42,000	42,000		42,000
Bearing Trees	13,000	13,000	13,000	13,000		13,000

Non-Bearing Trees	1,000	1,000	1,000	1,000		1,000
Total No. Of Trees	14,000	14,000	14,000	14,000		14,000
Production	1,400	1,350	1,000	1,000		1,250
Imports	5	5	7	3		3
Total Supply	1,405	1,355	1,007	1,003		1,253
Exports	250	250	260	264		260
Fresh Dom. Consumption	55	55	45	45		50
For Processing	1,100	1,050	702	694		943
Total Distribution	1,405	1,355	1,007	1,003		1,253
HECTARES, 1000 TREES, 1000 MT						

Oranges, Fresh Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	48,000	48,000	48,000	48,000		48,000
Area Harvested	45,500	45,500	45,500	45,500		45,500
Bearing Trees	23,000	23,000	23,000	23,000		23,000
Non-Bearing Trees	2,000	2,000	2,000	2,000		2,000
Total No. Of Trees	25,000	25,000	25,000	25,000		25,000
Production	900	900	750	750		900
Imports	1	1	1	1		1
Total Supply	901	901	751	751		901
Exports	140	140	110	120		125
Fresh Dom. Consumption	570	570	550	550		570
For Processing	191	191	91	81		206
Total Distribution	901	901	751	751		901

HECTARES, 1000 TREES, 1000 MT

